

FORM N-319 (REV. 2002)	<h1 style="margin: 0;">TAX CREDIT FOR RESEARCH ACTIVITIES</h1> <p style="margin: 0;">Or fiscal year beginning _____, 20____, and ending _____, 20____</p>	TAX YEAR <div style="font-size: 2em; font-weight: bold;">20</div> <div style="font-size: 1.5em;">__</div>
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ATTACH TO FORM N-11, N-12, N-15, N-20, N-30, N-35, N-40, OR, N-70NP
WHICHEVER IS APPLICABLE.

Name(s) as shown on Form N-11, N-12, N-15, N-20, N-30, N-35, N-40, or, N-70NP	SSN or FEIN
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NOTE: If you are only claiming the tax credit from a flow-through entity, start on line 6.

1 Recompute the amount of your total current year tax credit from federal Form 6765 (see instructions)	1		
2 Enter the amount of your total qualified research expenses conducted within Hawaii	2		
3 Enter the amount of your total qualified research expenses from federal Form 6765 (see instructions)	3		
4 Ratio of qualified research expenses attributable to Hawaii. Divide line 2 by line 3.	4		
5 Tentative tax credit for research activities. Multiply line 1 by line 4.	5		
6 Flow through of Hawaii tax credit for research activities received from other entities, if any. <i>Check box below.</i> Name and Federal Employer I.D. No. of Entity: _____ <input type="checkbox"/> a S corporation shareholder — enter total from Schedule K-1 (Form N-35), line 12j <input type="checkbox"/> b Partner — enter amount from Schedule K-1 (Form N-20), line 20 <input type="checkbox"/> c Beneficiary — enter amount from Schedule K-1 (Form N-40), line 8d <input type="checkbox"/> d Patron — enter the amount from federal Form 1099-PATR	6		
7 Total credit allowed — Add lines 5 and 6. Enter the result, rounded to the nearest dollar for individual taxpayers, on the appropriate line of Form N-20; Form N-35; Form N-40; or Schedule CR; whichever is applicable	7		

GENERAL INSTRUCTIONS

Hawaii law conforms to Section 41 (with respect to the credit for increasing research activities) and section 280C(c) (with respect to certain expenses for which the credit for increasing research activities are allowable) of the Internal Revenue Code except that:

- (1) references to the base amount shall not apply and credit for all qualified research expenses may be taken without regard to the amount of expenses for previous years.
- (2) “Qualified Research” and “Basic Research” shall not include research conducted outside of Hawaii.
- (3) The Hawaii credit is **refundable** and available for tax years 2000-2005 even if the federal credit is repealed during this period.

Internet Address

Additional information regarding Hawaii tax laws and tax forms can be found on the Department of Taxation’s website at:

www.state.hi.us/tax.

Deadline for claiming the credit

Claims for the credit, including any amended claims, **must** be filed on or before the end of the twelfth month after the close of your taxable year. Failure to properly claim the credit shall constitute a waiver of the right to claim the credit.

SPECIFIC INSTRUCTIONS

Enter your tax year in the space provided.

Line 1.—Recompute the amount of the “Total Current Year Credit” calculated on federal Form 6765, line 41. If you computed the federal credit under section A of Form 6765, multiply “basic research payments paid or

incurred to qualified organizations” (line 1) plus the “total qualified research expenses” (line 8) by 20%. If you are electing the reduced credit under section 280C, multiply by 13%. Enter the result here.

If you computed the federal credit under section B of Form 6765, multiply “basic research payments paid or incurred to qualified organizations” (line 17) plus the “total qualified research expenses” (line 25) by 20%. If you are electing the reduced credit under section 280C, multiply the result by 65%. Enter the result here.

Line 2.—Enter the total amount of the qualified research expenses for research conducted in Hawaii.

Line 3.—Enter the amount of the total qualified research expenses as calculated on the federal Form 6765, excluding any “qualified organization base period amount.”

Line 4.—Divide line 2 by line 3. Enter the result here rounded to six decimal places. This is the percentage of the qualified research expenses for research conducted in Hawaii.

Line 5.—Multiply line 1 by line 4. Enter the result here. This is your tentative credit for research activities conducted in Hawaii.

Line 6.—Enter the name and federal employer identification number of any flow-through entity who has passed the tax credit for research activities through to the taxpayer. If additional space is needed, include the information on an attached schedule.

Line 7.—Add lines 5 and 6. This your total tax credit for research activities allowed for this taxable year. Enter the amount here, rounded to the nearest dollar for individual taxpayers, and on the appropriate line of Form N-20; Form N-35; Form N-40; **or** Schedule CR; whichever is applicable.